

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

GE BUSINESS FINANCIAL SERVICES INC.)	
(f/k/a Merrill Lynch Business Financial Services)	
Inc.), a Delaware Corporation)	Civil Action No. 08 CV 2678
)	
Plaintiff,)	Judge Guzman
)	Magistrate Judge Mason
v.)	
)	
JOHN F. ROYCE, a Nevada resident, and)	
ALEX J. UMANA, a Nevada resident,)	
)	
Defendant.)	
)	

REPORT OF PARTIES' PLANNING MEETING

In accordance with this Court's Standing Order, Plaintiff GE Business Financial Services Inc. (f/k/a Merrill Lynch Business Financial Services Inc.) ("Plaintiff") submits this Report of Parties' Planning Meeting for the Court's consideration:

1. **Nature of Claims.** This is an action for breach of a personal guaranties of a commercial loan. Both John F. Royce and Alex J. Umana (together, the "Defendants") were parties with the Plaintiff to the Limited Joinder executed as of September 20, 2005, by which the Defendants jointly and severally guaranteed the obligations and indebtedness owing to Plaintiff by MM Condominiums LLC, who is now a debtor-in-possession in a bankruptcy proceeding pending in the United States Bankruptcy Court for the District of Nevada. The Defendants have waived service, and Mr. Royce's answer is due on August 4, 2008, and Mr. Umana's is due August 12, 2008. The Defendants have indicated that unless the parties can resolve their issues amicably, they will contest the allegations raised in the complaint. At this time, Mr. Royce has not retained a lawyer. To the best of Plaintiff's knowledge, Mr. Umana has not retained a lawyer.

2. **Conference.** Pursuant to Federal Rule of Civil Procedure 26(f), Mr. Royce and counsel to the Plaintiff's had telephonic conference on July 2, 2008. Counsel the Plaintiff attempted to contact Mr. Umana, but those calls have gone unreturned. Additionally, in connection with the MM Condominiums LLC bankruptcy case, the parties entered into an agreement wherein, as set forth in paragraph 4 below, this action will be stayed pending attempts to resolve the disputes among them. A copy of that agreement is attached as Exhibit A hereto.

3. **Initial Disclosures and Other Discovery.** The parties have agreed to postpone the exchange of initial disclosures and the all discovery while they engage in settlement discussions.

4. **Settlement.** The parties have engaged in settlement discussions since the complaint was filed. The parties, together with MM Condominiums LLC (the primary obligor of the debt owed by the Defendants and as a debtor-in-possession), have negotiated and structured a process whereby the Plaintiff can be paid the sums it is owed. That process requires many steps and milestones that must be met over the next several months. So long as that process continues successfully, the parties have agreed to stay this action. If, however, any steps or milestones are not met, the Plaintiff will resume the prosecution of this matter and seek entry of an order setting a discovery and trial schedule.

Respectfully submitted,

**GE BUSINESS FINANCIAL SERVICES INC (f/k/a
MERRILL LYNCH BUSINESS FINANCIAL
SERVICES INC.)**

By: /s/ Peter A. Siddiqui
One of its Attorneys

John P. Sieger (ARDC # 6240033)
Peter A. Siddiqui (ARDC# 6278445)
Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661
Telephone: (312) 902-5200
Fax: (312) 902-1061
john.sieger@kattenlaw.com
peter.siddiqui@kattenlaw.com

CERTIFICATE OF SERVICE

I, Peter A. Siddiqui, certify that on July 3, 2008, I served the foregoing ***Report of Parties'***

Planning Meeting by United States Mail, postage prepaid, on the following parties:

John F. Royce
5405 Mountain Meadows Lane
Reno, Nevada 89511

Alex J. Umana
4980 Turning Leaf Way
Reno, Nevada 89509

/s/ Peter A. Siddiqui



Entered on Docket
June 27, 2008

A handwritten signature in black ink, appearing to read "Gregg W. Zive".

Hon. Gregg W. Zive
United States Bankruptcy Judge

STEPHEN R. HARRIS, ESQ.
BELDING, HARRIS & PETRONI, LTD.
Nevada Bar No. 001463
417 West Plumb Lane
Reno, Nevada 89509
Telephone: (775) 786-7600
Facsimile: (775) 786-7764

Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

* * * * *

IN RE:

BK-08-50557
(Chapter 11)

MM CONDOMINIUMS, LLC
a Nevada limited liability company,

Debtor.

**INTERIM ORDER AUTHORIZING
DEBTOR-IN-POSSESSION TO USE CASH
COLLATERAL AND PROVIDE
ADEQUATE PROTECTION**

Hrg. DATE: June 26, 2008
and TIME: 2:00 P.M.
Est. Time: 10 MIN
Set By: Judge Zive - per OST

Based on the MOTION FOR AUTHORIZATION TO USE CASH COLLATERAL PURSUANT TO 11 U.S.C. §363 (c)(2) ("Motion"), filed on June 10, 2008, by MM Condominiums, LLC, a Nevada limited liability company, Debtor and Debtor-In-Possession herein ("Debtor"), by and through its attorney of record, STEPHEN R. HARRIS, ESQ., of BELDING, HARRIS & PETRONI, LTD., with the hearing on the Motion set on Court ordered shortened time for June 26, 2008, at 2:00 P.M.; with STEPHEN R. HARRIS, ESQ., appearing on

1 behalf of the Debtor and the Debtor's representative JOHN ROYCE, also present; and
2 JENNIFER SMITH, ESQ. of LIONEL, SAWYER & COLLINS, appearing on behalf of Secured
3 Creditor GE Business Financial Services (f/k/a) Merrill Lynch Business Financial Services
4 ("GE"); and WILLIAM COSSITT, ESQ. appearing on behalf of the U.S. Trustee's Office; and
5 the Court noting the Objection pleading filed by GE to the relief requested by the Debtor and the
6 U.S. Trustee's Office raising its verbal objection to the proposed cash collateral use stipulation;
7 and the Court considering the duly executed (but not filed and entered) ORDER
8 AUTHORIZING DEBTOR-IN- POSSESSION TO USE CASH COLLATERAL AND TO
9 PROVIDE ADEQUATE PROTECTION; and the Court noting the parties' acceptance of the
10 ORDER AUTHORIZING DEBTOR-IN-POSSESSION TO USE CASH COLLATERAL AND
11 TO PROVIDE ADEQUATE PROTECTION; and good cause appearing,

12 **IT IS HEREBY ORDERED** that the ORDER AUTHORIZING DEBTOR-IN-
13 POSSESSION TO USE CASH COLLATERAL AND TO PROVIDE ADEQUATE
14 PROTECTION, attached hereto is **Exhibit "A"** and incorporated by that reference, is granted by
15 the Court on an interim basis, with a final hearing to be conducted on July 8, 2008, at 2:30 P.M.,
16 assuming the Debtor mails notice of the final hearing, along with the proposed **Exhibit "A"**
17 included therein, to all creditors and parties in interest requesting notice; and further, any cash
18 collateral monies used by the Debtor prior to the final hearing shall entitle GE to the protections
19 set forth in 11 U.S.C. §363 (m), as well as other protections as detailed in the parties' ORDER
20 AUTHORIZING DEBTOR-IN-POSSESSION TO USE CASH COLLATERAL AND TO
21 PROVIDE ADEQUATE PROTECTION;


22 **IT IS FURTHER ORDERED** that any opposition(s) to the requested final order entry
23 shall be filed and served no later than 12:00 P.M., on July 7, 2008.

1
2 RESPECTFULLY SUBMITTED BY:

APPROVED AND ACCEPTED

3 STEPHEN R. HARRIS, ESQ.
4 BELDING, HARRIS & PETRONI, LTD.
417 W. Plumb Lane
5 Reno, NV 89509

LIONEL, SAWYER & COLLINS
50 W. Liberty St., #1100
Reno, NV 89501

6
7  6-27-08
8 STEPHEN R. HARRIS, ESQ.
Attorney for Debtor

JENNIFER A. SMITH, ESQ.
Attorney for GE Business
Financial Services

9
10 APPROVED AS TO FORM

11
12
13
14
15 WILLIAM COSSITT, ESQ.
U.S. TRUSTEE'S OFFICE

16
17
18 ###


1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

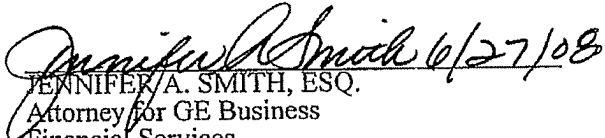
RESPECTFULLY SUBMITTED BY:

STEPHEN R. HARRIS, ESQ.
BELDING, HARRIS & PETRONI, LTD.
417 W. Plumb Lane
Reno, NV 89509

APPROVED AND ACCEPTED

LIONEL, SAWYER & COLLINS
50 W. Liberty St., #1100
Reno, NV 89501

 6-27-08
STEPHEN R. HARRIS, ESQ.
Attorney for Debtor

 6/27/08
JENNIFER A. SMITH, ESQ.
Attorney for GE Business
Financial Services

APPROVED AS TO FORM

WILLIAM COSSITT, ESQ.
U.S. TRUSTEE'S OFFICE

###

JUN. 27. 2008 11:23AM

7757861633

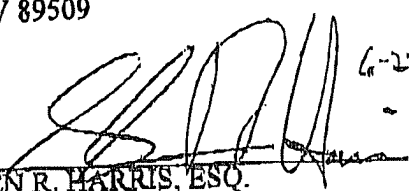
NO. 6919 P. 10

1
2 RESPECTFULLY SUBMITTED BY:

3 STEPHEN R. HARRIS, ESQ.
4 BELDING, HARRIS & PETRONI, LTD.
5 417 W. Plumb Lane
6 Reno, NV 89509

APPROVED AND ACCEPTED

LIONEL, SAWYER & COLLINS
50 W. Liberty St., #1100
Reno, NV 89501

7
8  6-27-08
9 STEPHEN R. HARRIS, ESQ.
10 Attorney for Debtor

JENNIFER A. SMITH, ESQ.
Attorney for GE Business
Financial Services

11 APPROVED AS TO FORM

12
13
14 
15 WILLIAM COSSITT, ESQ.
16 U.S. TRUSTEE'S OFFICE

17
18 ####

EXHIBIT "A"

Jennifer A. Smith
jsmith@lionelsawyer.com
Nevada Bar No. 610
LIONEL SAWYER & COLLINS
1100 Bank of America Plaza
50 West Liberty Street
Reno, Nevada 89501
(775) 788-8624 (Telephone)
(775) 788-8682 (Fax)

John P. Sieger
john.sieger@kattenlaw.com
Mark D. Conzelmann
mark.conzelmann@kattenlaw.com
Andrew L. Wool
andrew.wool@kattenlaw.com
KATTEN MUCHIN ROSENMAN LLP
525 West Monroe Street
Chicago, IL 60661-3693
Telephone: (312) 902-5200
Facsimile: (312) 577-8681

Attorneys for Creditor GE Business Financial Services, Inc.
(f/k/a Merrill Lynch Business Financial Services, Inc.)

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

Case No. 08-50557-GWZ

MM CONDOMINIUMS, LLC,

Chapter 11

Debtor.

**ORDER AUTHORIZING
DEBTOR-IN-POSSESSION TO USE
CASH COLLATERAL AND PROVIDE
ADEQUATE PROTECTION**

**Hearing Date: June 26, 2006
Hearing Time: 2:00 p.m.**

1 This matter coming to be heard upon the motion ("Motion") of MM Condominiums,
2 LLC, the debtor and debtor-in-possession ("Debtor" or "Borrower"), for entry of an order
3 ("Order"), pursuant to sections 361 and 363 of title 11 of the United States Code ("Bankruptcy
4 "Code") and Rule 4001 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"),
5 authorizing the Debtor to (a) use cash collateral which secures obligations owing to GE Business
6 Financial Services Inc. f/k/a Merrill Lynch Business Financial Services Inc. ("Lender"), subject
7 to the terms and conditions set forth herein, and (b) provide adequate protection to Lender as set
8 forth herein; and upon the proceedings held before the Court; and good and sufficient cause
9 appearing therefor,

10 **THE COURT HEREBY FINDS:**

11 A. On April 9, 2008 ("Petition Date"), the Debtor filed a voluntary petition for relief
12 under Chapter 11 of the Bankruptcy Code (the "Chapter 11 Case").

13 B. The Debtor is a single asset real estate debtor as defined in section 101(51B) of
14 the Bankruptcy Code, and is operating its business and managing its properties as a debtor-in-
15 possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

16 C. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper
17 pursuant to 28 U.S.C. §§ 1408 and 1409.

18 D. Pursuant to that certain Loan Agreement dated September 23, 2005 between
19 Debtor and Lender (as amended, "Loan Agreement"), that certain Deed of Trust, Assignment of
20 Leases and Rents, Security Agreement and Fixture Filing dated September 23, 2005 (as
21 amended, "Mortgage") and certain other documents, promissory notes, instruments and
22 agreements executed by the Debtor (collectively, with the Loan Agreement and the Mortgage,
23 "Loan Documents"), Lender has made loans and other financial accommodations to the Debtor
24 to, among other things, fund the Debtor's operations and construction ("Loan").

25 E. All obligations and liabilities of the Debtor to Lender, whether under the Loan
26 Documents or otherwise, are secured by a valid, perfected, first priority lien upon and security
27 interest in and to all of the Debtor's assets, including real and personal property (all of the

1 foregoing as more fully described in the Mortgage, and all proceeds thereof, shall be referred to
2 collectively as, "Collateral" and such liens thereon, "Pre-Petition Liens").

3 F. All cash of the Debtor wherever located as of the Petition Date represents either
4 proceeds of the Loan from Lender to the Debtor or proceeds of the Collateral. Lender has a
5 valid, perfected, first priority lien upon and security interest in and to all of the cash of the
6 Debtor, except to the extent \$250,000 (or such amount as is subsequently approved by the Court
7 and consented to by Lender, not to exceed an additional \$250,000) is loaned to the Debtor by
8 Charles Royce or a related person or entity other than Lender and is Court approved (and which
9 excepted funds shall at all times be segregated from Lender's cash collateral), and these funds,
10 along with the proceeds of the Collateral, constitute "cash collateral" within the meaning of
11 section 363(a) of the Bankruptcy Code.

12 G. As of the Petition Date, the Debtor was indebted to Lender by reason of the Loan
13 and under the Loan Documents in the approximate amount of \$3,887,347.84 (together with post-
14 petition interest, fees and other accruing charges both hereunder and under the Loan Documents,
15 the "Indebtedness"), the prepetition portion which is evidenced by the Proof of Claim filed by
16 Lender on or about April 24, 2008 (the "Lender Claim"). The Indebtedness constitutes a legal,
17 valid and binding obligation of the Debtor, enforceable in accordance with its terms, no offsets,
18 defenses, or counterclaims to the Indebtedness exist, and no portion of the Indebtedness is
19 subject to avoidance or subordination. Accordingly, the filing of an objection to (or any other
20 form of contestation of) the validity, enforceability, extent, priority and/or amount of the
21 Indebtedness – other than an objection to the reasonableness of the Lender's post-petition legal
22 fees pursuant to 11 U.S.C. § 506(b) – shall constitute a Termination Event (as defined below).

23 H. By execution of this Order, John F. Royce, Charles Royce and Alex J. Umana
24 ("Guarantors") acknowledge, agree and confirm that the execution and entry of this Order shall
25 not and does not in any way modify, reduce, revise, lessen or decrease their respective
26 obligations as guarantors and/or indemnitors under the Loan as set forth in that certain
27 Performance and Completion Guaranty, dated as of September 23, 2005, as to all three (3)
28 Guarantors, or the Limited Joinder attached to and made a part of the Loan Agreement, dated

September 23, 2005, as to Guarantors, John F. Royce and Alex J. Umana only. Each Guarantor: (i) reaffirms, ratifies, and confirms that his obligations as guarantor and/or indemnitor under the Loan as provided for in one or more of the aforementioned guaranty agreements remains in full force and effect notwithstanding, among other things, any financial accommodations extended by Lender to the Debtor pursuant to the terms of this Order or otherwise; (ii) denies and waives the existence of any defenses or right of setoff which may otherwise be available to him relating to such guaranty agreements; and (iii) waives and releases any and all of his claims and causes of action which may exist against Lender. The Limited Payment Guaranty, dated September 23, 2005, executed by Charles M. Royce, has been previously returned to the Debtor as satisfied and is no longer in force.

I. An immediate and critical need exists for the Debtor to be permitted access to funds in order to prevent a disorderly termination or disruption of the business and to permit the Debtor to attempt to achieve a reorganization.

J. Pursuant to the Bankruptcy Code and in light of the foregoing, the Debtor is required to provide adequate protection to Lender in respect of the Debtor's use of the Cash Collateral (as hereinafter defined).

K. The Debtor has requested entry of this Order pursuant to Bankruptcy Rule 4001(b)(2). Notice of the hearing on the Motion was proper and sufficient under Bankruptcy Rule 4001 and no other notice need be given.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Use of Cash Collateral. Upon entry of this order, Alex J. Umana hereby accepts, and shall be deemed to have accepted, service of Lender's lawsuit against, among others, Mr. Umana, with respect to their respective guaranty obligations arising under the guaranty agreements referred to hereinabove. For so long as (i) the Debtor is in compliance with the terms of this Order and any other orders of the Court entered in connection with the use of Cash Collateral and (ii) no Termination Event (as defined herein) shall have occurred, Lender consents to the Debtor's use of the Cash Collateral, provided that such use strictly complies with the limitations set forth herein, including the Budget attached hereto as Exhibit A. Notwithstanding

1 anything to the contrary herein, the Debtor shall not make any Cash Collateral expenditures
2 unless such Cash Collateral expenditures are encompassed and expressly included in the Budget,
3 subject to an allowable variance of 5% for any line item expenditure made by the Debtor; and
4 provided, further, that none of the Cash Collateral shall be used to pay any legal fees and/or
5 expenses incurred by the Debtor.

6 2. Certain Reporting Requirements. The Debtor shall observe and comply with the
7 following covenants and conditions to the use of Cash Collateral.

8 a. From and after the date hereof, monthly by the 3rd business day at the
9 beginning of each month, the Debtor shall provide Lender and counsel for Lender the following
10 information for the preceding month: (i) a report of all cash receipts by the Debtor (showing the
11 date, amount, source and purpose of each); (ii) a list of all payments made by the Debtor
12 (showing the date, amount, payee and purpose of each); (iii) copies of all invoices issued by the
13 Debtor; (iv) copies of all sales contracts entered into by the Debtor; (v) a statement disclosing all
14 disbursements made from the funds to be borrowed from Charles Royce or any related person or
15 entity, and the unspent balance of such funds; and (vi) such other reports as Lender may
16 reasonably request from time to time, including, without limitation, detailed monthly statements
17 from the property manager, Gaston & Wilkerson.

18 b. The Debtor shall certify to Lender each of the following: (i) the Debtor
19 spent Cash Collateral in accordance with the Budget; and (ii) updated monthly actual
20 performance compared to the Budget, submitted on the 3rd business day at the beginning of each
21 month for the immediately preceding month.

22 3. Ratification of Loan Documents. The Loan Documents are ratified and affirmed,
23 and the Debtor shall perform all of its obligations thereunder, unless modified by the terms of
24 this Order. The Debtor hereby agrees, and the Court orders, the following modifications to the
25 Loan Documents:

26 a. Minimum Release Price. Schedule II (Minimum Release Price) to the
27 Loan Agreement is hereby deleted, and replaced with Schedule II (Minimum Release Price)

attached to this Order as Exhibit B, which minimum release price shall be \$125,000.00 per unit, either by sale or equity contribution.

b. Exit Fee. Section 2.7 of the Loan Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"2.7 Exit Fee. Upon the repayment of the Loan (whether on the Maturity Date or on any other date) or upon the acceleration of the Loan by Lender as provided herein, Borrower will pay to Lender an exit financing fee equal to the sum of Five Hundred Sixty Thousand and No/100ths Dollars (\$560,000); provided, however, that if the outstanding principal balance of the Loan is less than \$1,750,000 on or before December 31, 2008, then such Exit Fee shall be reduced to Four Hundred Sixty Thousand and No/100ths Dollars (\$460,000)."

c. Loan Modification Fee. In consideration of the extension of the Maturity Date and the other modifications to the Loan Agreement set forth herein, Debtor shall pay to Lender a loan modification fee in the amount equal to one-half of one percent (.5%) of the principal balance of the Loan as of the Petition Date (\$3,499,733.19). Such fee shall be deemed to be earned upon the entry of this Order and shall be payable immediately upon entry of this Order.

d. Interest. The first sentence of Section 2.5 of the Loan Agreement is hereby deleted in its entirety and the following inserted in lieu thereof (with the remaining other terms and conditions of Section 2.5 of the Loan Agreement left unmodified and in place):

"Section 2.5. Interest. Provided that no Event of Default exists, the principal amount of the Loan outstanding from time to time shall bear interest until paid at a rate equal to a floating rate per annum equal to the sum of four and one-half of one percent (4.50%) plus the Base Rate (the aggregate rate referred to as the "Interest Rate"), but in no event shall the Interest Rate be less than eight and thirty-three hundredths percent (8.33%)."

e. Application of Net Sale Proceeds. Section 2.9(a)(i) of the Loan Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"(i) Application of Net Sale Proceeds. All payments to Lender in accordance with this Section 2.9 shall be applied first, to the payment of all fees, costs and expenses of Borrower under the Loan Documents, second, to the payment of interest on the Loan; third, to the outstanding principal balance of the Loan, and fourth, to the payment of the Exit Fee.

4. Remittance of Cash Collateral. From and after the date of entry of this Order until the indefeasible payment in full in cash of the Indebtedness, the Debtor shall deposit on a daily basis, all cash, cash equivalents and Cash Collateral arising from or constituting proceeds of the Collateral in its possession or control arising from or constituting proceeds of loans from Lender to the Debtor ("Cash Collateral") in one or more debtor-in-possession accounts which shall at all times be maintained with Gaston & Wilkerson. All monies collected by the Debtor shall be held in trust for the benefit of Lender, subject to the terms hereof; excluding, however, the insider-loaned funds contemplated in paragraph F, *supra*. Further, to consummate the completion of the Lender's Collateral, the Debtor shall borrow funds secured by a junior lien on the Collateral, which loan proceeds shall be escrowed with a builder's control account in an amount equal to \$170,000.00.

5. Receipt of Payments and Proceeds. Any and all payments remitted to Lender pursuant to the Budget or otherwise, shall be deemed received by Lender free and clear of any interest, claim, charge, assessment, or other liability, all of which are hereby waived by the Debtor. Any and all amounts paid to Lender shall be applied to the Indebtedness in the manner set forth in the Loan Documents; *provided, however*, any and all Net Sales Proceeds shall be used to pay down, first, accrued, unpaid reasonable enforcement costs, second, to the payment of past due accrued interest on the Loans, and third, to the remaining principal balance of the Loan.

6. Adequate Protection Payments. As adequate protection for, and to secure the payment of, an amount equal to the aggregate diminution in the value of the Collateral (including Cash Collateral) subsequent to the Petition Date, and as security for and an inducement to Lender to permit the Debtor's use of the Collateral, the Lender Claim is hereby deemed allowed and fully-secured, and the Debtor agrees and is ordered to: (a) make monthly interest-only payments (commencing August 1, 2008, and the first day of each month thereafter) on the Loans pursuant to and in accordance with the Loan Documents, (b) immediately upon Court entry of this Order, pay \$64,571.62 in reasonable unpaid legal fees accrued through June 12, 2008, in connection with Lender's enforcement of the Loan Documents. From future sale or refinance closings for individual condominium units, there shall be paid all accrued, unpaid post-petition non-default

1 interest on the Loan as calculated in subparagraph 3(d) herein. So long as no Termination Event
2 exists, Lender suspends its right to charge and collect post-petition default interest.

3 7. Adequate Protection Liens. As further adequate protection for, and to secure the
4 payment of, an amount equal to the aggregate diminution in the value of the Collateral (including
5 Cash Collateral), and as security for and an inducement to Lender to permit the Debtor's use of
6 the Collateral, (x) the Debtor hereby grants, assigns and pledges to Lender post-petition security
7 interests and liens ("Adequate Protection Liens") of the same extent and priority as Lender's pre-
8 petition security interests in the Collateral (which interests and liens are deemed valid and
9 perfected pursuant to paragraph 6 hereof) in and to all of the Debtor's currently owned and after-
10 acquired real and personal property, which specifically includes, without any limitations, any and
11 all avoidance actions under chapter 5 of the Bankruptcy Code and the proceeds thereof and (y)
12 this Court grants Lender a super-priority allowed administrative expense claim pursuant to
13 section 503(b)(1) and 507(b) of the Bankruptcy Code ("Administrative Claim").

14 8. Priority of Administrative Claim. The Adequate Protection Liens and
15 Administrative Claim shall be senior to, have priority over, all other costs, priority or super-
16 priority claims and administrative expenses of the kind specified in sections 105, 326, 328, 330,
17 331, 503(b), 506(c), 507(a), 507(b), 546(c), or 726 of the Bankruptcy Code. No priority claims
18 are or will be prior to or on a parity with the Administrative Claim.

19 9. Restrictions on Use of Proceeds. From and after the date hereof, the proceeds of
20 the Collateral and Cash Collateral, except any amounts loaned to the Debtor by Charles Royce,
21 shall only be used to pay items which are then due, expressly permitted under the Budget or this
22 Order, and in such amounts as identified in the Budget or this Order.

23 a. Net Sales Proceeds. Upon the Debtor's or its agents receipt of any Net
24 Sale Proceeds (as defined in the Loan Documents), all such Net Sale Proceeds shall be deemed
25 to be held in trust for the exclusive benefit of Lender and any and all such sums shall forthwith
26 be remitted to Lender for application to the Indebtedness in accordance with the provisions of
27 this Order.

b. No Transfers or Payments to Guarantors. Unless and until the Indebtedness is indefeasibly paid in full and the Loan is terminated, the Debtor is strictly prohibited from making, and the Guarantors (including, but not limited to, members of the immediate or extended family of the Guarantors as well as any entity in which one or more Guarantors or any member of one or more of their immediate or extended families holds an interest of any kind) are prohibited from receiving, any transfers of property of the Debtor's estate, including but not limited to any remuneration, payments of salary or other transfers of any other kind, to or for the benefit of one or more Guarantor; *provided, however*, in the absence of a Termination Event, Guarantors may accrue any salary due from the Debtor, provided, that such salaries can be paid solely from the segregated insider-loan funds contemplated in paragraph F, *supra*; and *provided, further*, that the Debtor may, subject to Lender's prior written approval only after review of any and all contract and/or other business terms contemplated by the parties, employ and make payments to Mountain Maintenance and/or Spectra Funding pursuant to and in accordance with any supplement to the Budget expressly approved in writing by Lender to account for such Lender-approved expenses.

c. No Surcharge; No Collateral Enhancement. No costs or expenses of administration which have or may be incurred in the Debtor's case at any time shall be charged against Lender, its claims or the Collateral, pursuant to section 506(c) of the Bankruptcy Code, without the prior written consent of Lender, and no such consent shall be implied from any other action, inaction, or acquiescence by Lender. Neither the surcharge provisions of section 506(c) of the Bankruptcy Code nor the enhancement of collateral provisions of section 552 of the Bankruptcy Code shall be imposed upon Lender or any of the Collateral, the Cash Collateral, or proceeds thereof.

10. The Automatic Stay. The automatic stay shall be, and hereby is, modified to the extent necessary to permit Lender to retrieve, collect, and apply payments and proceeds in respect of the Collateral, including all adequate protection payments made pursuant to this Order.

11. Termination Event. As used herein, "Termination Event" shall mean the occurrence of any of the following: (a) March 31, 2009; (b) the conversion of the Chapter 11

1 Case to a case administered under chapter 7; (c) the dismissal of the Debtor's bankruptcy case;
2 (d) the appointment of a trustee or an examiner in the Debtor's bankruptcy case; (e) the reversal,
3 revocation, modification, amendment, stay or rescission of this Order; (f) the Debtor's failure to
4 comply with, or its default under any term or condition of, this Order or any amendment or
5 modification thereof; (g) the Debtor's aggregate Net Sales Proceeds for the time period
6 commencing on the Petition Date through and including December 31, 2008 are not at least
7 \$1,750,000.00; (h) the entry of an order pursuant to section 363 of the Bankruptcy Code
8 approving the sale of substantially all of the Debtor's assets; (i) the effective date of any plan of
9 reorganization or liquidation, if confirmed; (i) entry of any order pursuant to section 364 of the
10 Bankruptcy Code authorizing the Debtor to obtain post petition credit, except for such
11 subordinated post-petition credit provided by Charles Royce or a related entity and approved by
12 the Court and consented to by Lender; (j) the automatic stay is lifted as to any party in order to
13 permit foreclosure on any of the Collateral; and (k) any attempt by the Debtor to obtain, or if any
14 other party in interest attempts to obtain, an order of this Court or other order or judgment, and
15 the effect of such order or judgment is to, invalidate, reduce or otherwise impair Lender's claims
16 and liens, or to subject any of the Collateral to any surcharge pursuant to section 506(c) of the
17 Bankruptcy Code.

18 12. Rights Upon a Termination Event. Upon the occurrence of a Termination Event,
19 the Debtor irrevocably consents and agrees: (A) to immediately cease all use of Cash Collateral;
20 (B) immediately freeze any and all DIP Accounts containing Cash Collateral; and (C) upon
21 Lender's filing with the Court in the Chapter 11 Case of an affidavit disclosing the occurrence of
22 a Termination Event, to the immediate entry of a final, non-appealable consent order (i)
23 authorizing immediate automatic stay relief in favor of Lender with respect to all of its
24 Collateral, (ii) dismissing the Chapter 11 Case, and (iii) barring the Debtor from refiling an
25 insolvency proceeding, including, without limitations, a bankruptcy case under any chapter of
26 the Bankruptcy Code, for a period of not less than six months. Notwithstanding anything to the
27 contrary herein, all of the rights, remedies, benefits and protections provided to Lender under this
28 Order shall survive the occurrence of a Termination Event, although Lender agrees to authorize,

up to any trustee's foreclosure sale, any sale at or above the release price per unit (either by sale or equity contribution) specified in subparagraph 3(b) herein. Upon such an occurrence, the Indebtedness shall be immediately due and payable and Lender shall have all other rights and remedies provided herein and in the Loan Documents. In no event shall Lender be subject to the equitable doctrine of "marshalling" or any other similar doctrine with respect to any of the Collateral or otherwise.

13. Limitations on Use of Cash Collateral. No proceeds of the Collateral, or the Cash Collateral, except as noted herein, shall be used for the purpose of: (a) objecting to or contesting in any manner, or in raising any defenses to, the validity, extent, perfection, priority, or enforceability of the Indebtedness or any liens or security interests with respect thereto, or any other rights or interests of Lender, or in asserting any claims or causes of action against any of them; (b) selling any of the Collateral (without the prior written consent of Lender); (c) incurring any new indebtedness; or (d) modifying the rights of Lender under the Loan Documents.

14. Execution of Documents. The Debtor shall execute and deliver to Lender all documents as Lender may reasonably request to evidence, confirm, validate or perfect the liens granted pursuant hereto. All liens granted herein shall, pursuant to this Order be, and they hereby are, deemed perfected, and no further notice, filing or other act shall be required to effect such perfection.

15. Access to Debtor. The Debtor shall permit Lender, its agents and designees (i) to have reasonable access to its premises and records during normal business hours and shall cooperate, consult with, and provide to such persons all such non-privileged information as they may reasonably request and (ii) to observe the Debtor's conduct and compliance with this Order and the Loan Documents.

16. Acknowledgment of Indebtedness, Liens, et al. The Debtor hereby acknowledges and agrees that: (a) the repayment of any Indebtedness shall be deemed final and indefeasible, not subject to subordination and otherwise unavoidable; (b) the Indebtedness is an allowed claim, not subject to subordination and otherwise unavoidable, for all purposes in this Chapter 11 Case and any subsequent chapter 7 case; (c) Lender's Pre-Petition Liens on the Collateral are legal,

1 valid, binding, perfected and not subject to defense, counterclaim, offset of any kind,
2 subordination and otherwise unavoidable; and (d) Lender, the Indebtedness, the Loan Documents
3 and Lender's Pre-Petition Liens on the Collateral are not subject to any other or further challenge
4 by any party-in-interest seeking to exercise the rights of the Debtor's estate, including without
5 limitation any successor thereto. The terms and conditions of this Order are reasonable and
6 appropriate, are in the best interests of the Debtor and its estate, and are consistent with and
7 satisfy the requirements and provisions of sections 363(e), 363(c)(2) and 361 of the Bankruptcy
8 Code.

9 17. Subsequent Reversal. No modification, amendment, vacation or reversal of this
10 Order shall affect the validity and enforceability of any lien or priority authorized or created
11 hereby. Any claim or lien granted to Lender hereunder arising prior to the effective date of such
12 modification, amendment, vacation or reversal shall be governed in all respects by the original
13 provisions of this Order, and Lender shall be entitled to all of the rights, remedies, privileges and
14 benefits, including the liens and priorities granted herein, with respect to any such claim.

15 18. No Waiver of Rights. This Order and the transactions contemplated hereby shall
16 be without prejudice to, and do not constitute a waiver of, or otherwise impair, the right of
17 Lender, among other things, (i) to seek additional adequate protection, including, without
18 limitation, the benefit of section 507(b) of the Bankruptcy Code; (ii) to move for relief from the
19 automatic stay; (iii) to oppose any extension of the Debtor's exclusive period for filing a plan of
20 reorganization; (iv) to request any other relief in this Chapter 11 Case; or (v) to exercise any and
21 all other rights, remedies, privileges, claims and causes of action, whether legal, equitable or
22 otherwise, which Lender may have against any other party.

23 19. Binding Effect. Upon entry, this Order shall be binding on the Debtor, its estate,
24 and Lender, and their respective successors and assigns, including, without limitation, any
25 subsequently appointed trustee in the Debtor's bankruptcy proceeding, whether in chapter 11 or
26 chapter 7. Such binding effect is an integral part of this Order.

27 20. No Partial "Take Out" Transactions. Notwithstanding anything to the contrary
28 herein or in the Loan Documents, under no circumstances may the Debtor enter or execute any

partial refinancing or recapitalization transaction to reduce the Indebtedness unless otherwise agreed to in writing in Lender. Accordingly, any refinancing or recapitalization transaction involving the Collateral must be sufficient to indefeasibly pay in full the Indebtedness. Insiders (as that term is defined in the Bankruptcy Code) of the Borrower shall have the right to purchase individual condominium units at the net Minimum Purchase Price, and the consummation of any such transaction shall not, in and of itself, constitute a Termination Event.

21. Stay of Guaranty Litigation. Upon entry of this order so long as there has been no occurrence of a Termination Event, Lender hereby agrees to stay prosecution of Lender's lawsuit against the Guarantors with respect to their respective obligations arising under the guaranty agreements referred to hereinabove.


Dated this ____ day of June, 2008.

APPROVED and AGREED to as to substance and form:

BELDING, HARRIS & PETRONI, LTD.

LIONEL SAWYER & COLLINS

By: See attached signature page
Stephen R. Harris
Attorneys for MM Condominiums, LLC

By: 
Jennifer A. Smith
Attorneys for GE Business Financial
Services, Inc.

JOHN F. ROYCE

CHARLES ROYCE

By: See attached signature page

By: See attached signature page

ALEX J. UMANA

By: See attached signature page

###

21. Stay of Guaranty Litigation. Upon entry of this order so long as there has been no occurrence of a Termination Event, Lender hereby agrees to stay prosecution of Lender's lawsuit against the Guarantors with respect to their respective obligations arising under the guaranty agreements referred to hereinabove.

Dated:

ENTERED:

UNITED STATES BANKRUPTCY JUDGE

This Order is approved and agreed to as to substance and form:

MM CONDOMINIUMS, LLC

GE BUSINESS FINANCIAL SERVICES, INC

By:

its attorney

Stephan R. Harris

By:

its attorney

JOHN F. ROYCE

By:

CHARLES ROYCE

By:

ALEX J. UMANA

By:

21. Stay of Guaranty Litigation. Upon entry of this order so long as there has been no occurrence of a Termination Event, Lender hereby agrees to stay prosecution of Lender's lawsuit against the Guarantors with respect to their respective obligations arising under the guaranty agreements referred to hereinabove.

Dated:

ENTERED:

UNITED STATES BANKRUPTCY JUDGE

This Order is approved and agreed to as to substance and form:

MM CONDOMINIUMS, LLC

GE BUSINESS FINANCIAL SERVICES, INC

By: 

Its attorney

By: _____

Its attorney

JOHN F. ROYCE

By: _____

CHARLES ROYCE

By: _____

ALEX J. UMATA

By:  X

EXHIBIT "A"

**EXHIBIT A TO ORDER AUTHORIZING DEBTOR-IN-POSSESSION TO USE
CASH COLLATERAL AND PROVIDE ADEQUATE PROTECTION**

	Jun 08	Jul 08	Aug 08
		3	6
Cumulative sales post Cash Collateral (Agreement) execution			
Condo Sales	0.00	435,000	435,000
Sales (3 @ \$145,000)			
Sales Costs	0.00	-4,350	-4,350
Closing Costs (1%)		-39,150	-39,150
Commissions (7%)	0.00	-13,050	-13,050
Concessions (3%)			
Total Sales Costs	0.00	-56,550	-56,550
Total Condo Sales Proceeds	0.00	378,450	378,450
(Total Condo Sales Proceeds will be disbursed to GE through escrow and applied as per Cash Collateral (Agreement))		87,500	
Accrued post-petition interest to July 1, 2008 to be paid from sales proceeds			22,058
Monthly payments to be paid from sales proceeds, otherwise from Developer DIP Acct.			
Loan Balance with GE at end of period (EOP)	3,500,000.00	3,189,050	2,832,658
Loan balance per Unit including exit fees at EOP		79,327	78,573
		28,000	24,000
Monthly Rental and Other Income (To Cash Collateral Acct. with Gaston & Wilkerson)			
Cash Collateral On Hand including Builders Control and all DIP Accounts	80,610		
Monthly Operating Expenses (Including HOA Dues on unsold Units)	-20,000	-20,000	-18,000
Total Net Rental Operating Income (See Sample Gaston and Wilkerson attachment A-1)	60,610	8,000	6,000
Cash authorized expenditures at signing of Cash Collateral (Agreement) (See attachment A-2)	78,340		
General Business Operating Expenses authorized to be paid from Cash Collateral to extent funds available therefrom			
Accountant (Spectra employee)	2,000	2,000	2,000
Home Owners Assoc. Dues Sold units	3,420	3,420	3,420
Marketing			
Model Staging and Maintenance	100	100	100
Print Advertising	1,200	1,900	1,900
Promotional	500		
Signage	1,000		
Sales Office Rent	500	500	500
Staff Salaries for property Management (Spectra)	6,000	8,000	6,000
Total Gen. Bus. Operation Exp.	93,050	13,820	13,820
(To the extent that Cash Collateral funds are not available to pay the above expenses they will be paid from Non-Cash Collateral funds - see below)			
Cash infusion from Non-Cash Collateral source(s) (Guaranteed upon execution of Cash Collateral (Agreement))	250,000		
To be deposited into Builders Control	170,000		
To be deposited into Developer DIP Acct.	80,000		
Other funds into Developer DIP from Loans or equity to be deposited as needed	60,000	20,000	20,000
Total Non-Cash Collateral	310,000	20,000	20,000
Expenses to be paid from Non-Cash Collateral			
Lender Legal Fees - Upon execution of (Agreement)	84,000		
.5% Loan Modification Fee (Upon execution of (Agr))	17,500		
Operating Expenses not paid from Cash Collateral	32,450	5,920	7,920
General Office Overhead:			
Model Rental Expense	4,500	4,500	4,500
Project Manager	4,000	4,000	4,000
Chapter 11 Quarterly Trustee Fee (should be below paid from Non Cash Collateral)	650		
Sub-Total Exp. Paid from Non-Cash Collateral	123,100	14,420	16,420
Remaining Dev. Non-Cash Collateral EOP (excluding Builders Control)	16,900	22,480	26,080
Unit Rehab Expenses Paid from Non-Cash Collateral Builders-Control			
Appliances		1,000	1,000
Cabinet work		1,000	1,000
Carpet and hardsurface		3,000	3,000
Countertops		1,000	1,000
Labor for improvements to units paid to Mountain Maintenance		10,000	10,000
Total Rehab Expenses		16,000	16,000
Remaining Builder Control Balance EOP	170,000	154,000	138,000

EXHIBIT A TO ORDER AUTHORIZING DEBTOR-IN-POSSESSION TO USE
CASH COLLATERAL AND PROVIDE ADEQUATE PROTECTION

	Sep 08	Oct 08	Nov 08	Dec 08	TOTALS Jun - Dec 08
	9	12	15	18	18
Cumulative sales post Cash Collateral (Agreement) execution					
Condo Sales	435,000	435,000	435,000	435,000	2,810,000
Sales (3 @ \$145,000)					
Sales Costs	-4,350	-4,350	-4,350	-4,350	-28,100
Closing Costs (1%)	-39,150	-39,150	-39,150	-39,150	-234,800
Commissions (7%)	-13,050	-13,050	-13,050	-13,050	-78,300
Concessions (3%)					
Total Sales Costs	-56,550	-56,550	-56,550	-56,550	-339,300
Total Condo Sales Proceeds	378,450	378,450	378,450	378,450	2,270,700
(Total Condo Sales Proceeds will be disbursed to GE through escrow and applied as per Cash Co.					
Accrued post-petition Interest to July 1, 2008 to be paid from sales proceeds	19,583	17,110	14,611	12,095	
Monthly payments to be paid from sales proceeds, otherwise from Developer DIP Acct.	2,473,800	2,112,461	1,748,622	1,382,286	
Loan Balance with GE at end of period (EOP)	73,345	68,526	64,959	59,428	
Loan balance per Unit including exit fees at EOP	22,000	20,000	19,000	18,000	131,000
Monthly Rental and Other Income					
(To Cash Collateral Acct. with Gaston & Wilkerson)					
Cash Collateral On Hand including Builders' Control and all DIP Accounts					
Monthly Operating Expenses	-17,000	-16,000	-15,000	-14,000	-100,000
(Including HOA Dues on unsold Units)					
Total Net Rental Operating Income	5,000	4,000	4,000	4,000	0
(See Sample Gaston and Wilkerson attachment A-1)					
Cash authorized expenditures at signing of Cash Collateral (Agreement)					
(See attachment A-2)					
General Business Operating Expenses authorized to be paid from Cash Collateral to extent					
Accountant (Spectra employee)	2,000	2,000	2,000	2,000	14,000
Home Owners Assoc. Dues Sold units	3,420	3,420	3,420	3,420	23,940
Marketing	100	100	100	100	700
Model Staging and Maintenance	1,900	1,900	1,900	1,900	12,600
Print Advertising	500				1,000
Promotional					1,000
Signage	500	500	500	500	3,500
Sales Office Rent	6,000	6,000	6,000	6,000	42,000
Staff Salaries for property Management (Spectra)	14,420	13,920	13,920	13,920	177,080
Total Gen. Bus. Operation Exp.					
(To the extent that Cash Collateral funds are not available to pay the above expenses they will be paid)					
Cash infusion from Non-Cash Collateral source(s)					170,000
(Guaranteed upon execution of Cash Collateral (Agreement))					80,000
To be deposited into Builders Control					180,000
To be deposited into Developer DIP Acct.	20,000	20,000	20,000	20,000	430,000
Other funds into Developer DIP from Loans or equity to be deposited as needed	20,000	20,000	20,000	20,000	
Total Non-Cash Collateral					
Expenses to be paid from Non-Cash Collateral					
Lender Legal Fees - Upon execution of (Agreement)					
.5% Loan Modification Fee (Upon execution of (Agr)	9,420	9,920	9,920	9,920	85,470
Operating Expenses not paid from Cash Collateral					
General Office Overhead:	4,500	4,500	4,500	4,500	31,500
Model Rental Expense	4,000	4,000	4,000	4,000	28,000
Project Manager	8,500				13,650
Chapter 11 Quarterly Trustee Fee (should be below paid from Non Cash Collateral)	24,420	18,420	18,420	24,820	240,120
Sub-Total Exp. Paid from Non-Cash Collateral					
Remaining Dev. Non-Cash Collateral EOP (excluding Builders Control)	21,840	23,220	24,800	19,880	
Unit Rehab Expenses Paid from Non-Cash Collateral Builders-Control					
Appliances	1,000	1,000	1,000	1,000	8,000
Cabinet work	3,000	3,000	3,000	3,000	18,000
Carpet and hardsurface	1,000	1,000	1,000	1,000	8,000
Countertops	10,000	10,000	10,000	10,000	60,000
Labor for improvements to units paid to Mountain Maintenance	16,000	16,000	16,000	16,000	98,000
Total Rehab Expenses	122,000	108,000	90,000	74,000	
Remaining Builder Control Balance EOP					

Attachment A-1

Cash Flow (Cash)
MM Condominiums LLC - (1)
Jan 2008

Page 1
mmcondo
2/15/2008
12:16 PM

Prepared For:
MM Condominiums LLC
1281 Terminal Way
Suite 201
Reno, NV 89502

Prepared By:
Gaston & Wilkerson Mgmt
P.O. Box 10590
Reno, NV 89510

	Month to Date	%	Year to Date	%
INCOME				
RENTAL INCOME				
Gross Potential Rental Income	62,410.00	139.82	62,410.00	139.82
Rehab Units	-15,366.00	-34.43	-15,366.00	-34.43
Delinquent Rent	-1,549.20	-3.47	-1,549.20	-3.47
Rent Loss to Collections	-70.44	-0.16	-70.44	-0.16
Move-In Specials	-2,325.00	-5.21	-2,325.00	-5.21
NET RENTAL INCOME	43,099.36	96.56	43,099.36	96.56
OTHER INCOME				
Credit Report Fees	25.00	0.06	25.00	0.06
Late Fees	224.92	0.50	224.92	0.50
NSF Charges	100.08	0.22	100.08	0.22
Security Deposits Forfeited	1,012.04	2.27	1,012.04	2.27
Utility Reimbursement	71.48	0.16	71.48	0.16
Miscellaneous Income	101.50	0.23	101.50	0.23
TOTAL OTHER INCOME	1,535.02	3.44	1,535.02	3.44
TOTAL INCOME	44,634.38	100.00	44,634.38	100.00
OPERATING EXPENSES				
ADMINISTRATION				
Advertising	649.89	1.46	649.89	1.46
Association Fees	15,996.00	35.84	15,996.00	35.84
Bank Charges	15.00	0.03	15.00	0.03
Credit Report	35.70	0.08	35.70	0.08
Management Fees	1,610.45	3.61	1,610.45	3.61
Office Expense	-148.19	-0.33	-148.19	-0.33
Postage	10.94	0.02	10.94	0.02
Telephone	92.45	0.21	92.45	0.21
TOTAL ADMINISTRATION	18,262.24	40.92	18,262.24	40.92
CLEANING				
Cleaning - Carpet	210.00	0.47	210.00	0.47
TOTAL CLEANING	210.00	0.47	210.00	0.47
UTILITIES				
Electric	717.11	1.61	717.11	1.61
Gas	1,715.53	3.84	1,715.53	3.84
Trash Removal	983.70	2.20	983.70	2.20
TOTAL UTILITIES	3,416.34	7.65	3,416.34	7.65
TOTAL OPERATING EXPENSE	21,888.58	49.04	21,888.58	49.04
NET OPERATING INCOME	22,745.80	50.96	22,745.80	50.96
NON-OPERATING INCOME				

Attachment A-1

Cash Flow (Cash)
MM Condominiums LLC - (1)
Jan 2008

Page 2
mmcondo
2/15/2008
12:16 PM

	Month to Date	%	Year to Date	%
Interest Income	40.38	0.09	40.38	0.09
TOTAL NON-OPERATING INCOME	40.38	0.09	40.38	0.09
NET INCOME	22,786.18	51.05	22,786.18	51.05
ADJUSTMENTS				
Accounts Receivable	-900.00		-900.00	
Prepaid Rent	-2,284.48		-2,284.48	
Tenant Security Deposits	-1,325.00		-1,325.00	
Owner Distribution	-18,081.00		-18,081.00	
TOTAL ADJUSTMENTS	-22,590.48		-22,590.48	
CASH FLOW	195.70		195.70	
Beginning Cash	3,097.22			
Ending Balance	2,583.28			

Attachment A-2**MM Condominium – Immediate Disbursement Request****Expenses Required to be Paid:**

Payables that Gaston Wilkerson has on hand from apartment operations	\$8,429.00
HOA dues for April and May	\$21,200.00
Mountain Maintenance for April maintenance and repairs of project	\$5,336.25
Spectra Funding - April and May management and sales personnel wages	\$18,000.00
Reno Gazette-Journal advertising expense	\$2,500.00
Home Depot - April maintenance and remodeling expenses	\$5,935.00
CMR MM, LLC May model rental	\$4,500.00
Sierra Property Maintenance painting services	\$4,595.00
Flooring Solutions carpet work	\$1,610.00
Surface Doctor counter top work	\$834.50
Kelly Moore	\$354.00
Diamond Glass	\$4,046.09
Misc. office expense bills (utilities, etc.)	<u>\$1,000.00</u>
Total expenses	\$78,340.39

Cash on Hand:

Builder Control account	\$12,133.04
Gaston & Wilkerson cash on hand from rents	\$35,477.46
Gross rents to be collected in first week of June	<u>\$33,000.00</u>
Total cash available:	\$80,610.05

EXHIBIT “B”

EXHIBIT B TO ORDER AUTHORIZING DEBTOR-IN-POSSESSION TO USE
CASH COLLATERAL AND PROVIDE ADEQUATE PROTECTION

SCHEDULE II

Minimum Release Price

Unit Type	Square Feet	Minimum Release Price
2 bedroom/ 2 bathroom	950	\$125,000.00
2 bedroom/ 2.5 bathroom	1,185	\$125,000.00
2 bedroom/ 2.5 bathroom	1,250	\$125,000.00